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CIVILIAN PERSONNEL
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2007 Open Seasons

Open Season for the *Federal Employees Health Benefits (FEHB) Program, Flexible Spending Accounts (FSAs)* and the new *Federal Employees Dental and Vision Insurance Program (FEDVIP)* will run November 13 through December 11, 2006.

OPM Announces the 2007 Federal Employees Health Benefits (FEHB) Premiums:

The U.S. Office of Personnel Management (OPM) recently issued the 2007 premiums for the FEHB Program indicating that costs will rise an average 1.8 percent, marking the smallest rate increase in more than a decade.

OPM also reports that approximately 63 percent of FEHB program enrollees will not have a premium increase in 2007; another 15 percent will see a premium increase of less than 5 percent. The 2007 rate increase of 1.8 percent continues a trend of five consecutive years of declining average premium hikes. On average, employees will contribute 2.3 percent more to their health care, while the government contribution (roughly 72 percent) will increase by 1.6 percent. In 2002, the average premium increase was 13.3 percent; in 2006, the increase was 6.6 percent.

Below is the link to the complete OPM News Release:

<http://www.opm.gov/news/opm-announces-18-percent-fehbp-premium-increase-for-2007-marks-fifth-consecutive-year-of-declining-rate-hikes,1090.aspx>

Link to 2007 FEHB Plan rates:

<http://www.opm.gov/insure/health/07rates/index.asp>

Federal Employees Dental and Vision Insurance Program (FEDVIP):

OPM has selected the providers and announced the premiums for the new supplemental dental and vision benefits that will soon be available to Federal employees. The specifics of each plan's benefits, including deductibles, will be in the individual plan brochures which will be posted at the OPM FEDVIP homepage www.opm.gov/insure/dentalvision/ before Open Season starts on November 13. To keep up on the latest developments, visit this website often.

Flexible Spending Accounts (FSAs):

FSAs have been available to Federal employees since 2004. However, there are probably many federal employees who have yet to take the time to see if an FSA might be advantageous to them. An FSA is not an insurance plan. It allows you to pay for eligible out-of-pocket expenses using pre-tax dollars. You then file claims to reimburse yourself for those expenses. There are two types of FSAs - Health Care and Dependent Care. There is also a Limited Expense Health Care FSA (LEX HCFSA) for those employees enrolled in High Deductible Health Plan (HDHP) with a Health Savings Account (HSA).

For example, let's say you spent \$2,000.00 this year on out-of-pocket medical care for yourself and/or your family. This includes out-of-pocket medical and prescription co-pays, over-the-counter medications, vision and dental costs and various other out-of-pocket expenses. Figuring that your expenses for next year will be similar, you decide to open a HCFSA for 2007 in the amount of \$2,000.

For each pay period in 2007, \$76.92 will be deducted from your pay on a pre-tax basis and deposited into your FSA account. Your HCFSA is pre-funded. That means that the \$2,000 is immediately available to you should you have eligible expenses to file against it. It acts like a loan as the funds are available upfront, yet your FSA deductions will be made throughout the year.

It also works like a savings plan. Once you have eligible expenses to claim, you can file for your reimbursement immediately as you incur expenses, claim all at the end of the year, or whenever you wish to receive your reimbursement. You will have until March 15, 2008, to ***incur*** eligible expenses against your 2007 HCFSA account. You must *file* all claims for your 2007 HCFSA account by May 31, 2008.

Several FEHB plans participate in "paperless reimbursement". This means that when you file claims with your FEHB plan, FSAFEDS will automatically reimburse your eligible out-of-pocket expenses based on the claim information it receives from your plan. You can opt in or out of paperless reimbursement at any time. If you wish to file claims when you wish to receive reimbursement (i.e., at a certain time or after a certain dollar amount has been reached), then you would not want to take part in paperless reimbursement. To learn more, or to see if your FEHB plan participates in paperless reimbursement, click on <https://www.fsafeds.com/forms/paperlessreimb.pdf>

Other important information on FSAs:

- When determining your HCFSA amount, be realistic and conservative. If you do not have enough eligible expenses by March 15, 2008, the remaining funds in the account are subject to forfeiture.

- For 2007, the maximum annual election for a HCFSA is \$5,000; the minimum amount is \$250.00.
- To view a list of services and expenses that are reimbursable under the FSAFEDS program, click on <https://www.fsafeds.com/fsafeds/eligibleexpenses.asp>.
- For a HCFSA, you may submit claims for medical services and expenses incurred by yourself or any dependent that you are able to claim on your Federal tax return.
- You may not submit claims for benefits premiums or services and expenses that have been fully covered by any insurance.
- **If you had an FSA account in 2006, you must reenroll during the open season if you wish to have an account in 2007.**
- FSAs are not complicated, but there is important information that you should be aware of before you enroll. Please visit <https://www.fsafeds.com> to learn all you need to know about FSAs. If you are planning to retire in 2007 or if you are anticipating a period of Leave Without Pay in 2007, please review the FSA Web site for detailed information.

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